

U. S. TREASURY DEPARTMENT
Internal Revenue Service
Washington 25, D. C.

December 16, 1955

Alcohol and Tobacco Tax Division
Industry Circular No. 55-42

Records of Tobacco Materials by
Manufacturers of Tobacco Products

Manufacturers of tobacco, cigars, and cigarettes:

1. The purpose of this industry circular is to furnish instructions and establish a uniform method for the keeping of factory revenue records, Forms 73-Part 1, 73-Part 2, and 74, with respect to tobacco materials received, shipped, lost, and destroyed, on and after January 1, 1956. These instructions are necessary because Forms 73-Part 1, 73-Part 2, and 74, do not provide columns for recording all such entries of each specific kind of tobacco materials as defined in regulations, 26 CFR (1954) Parts 270 and 275.

2. Forms 73-Part 1 and 73-Part 2. Black Fat tobacco received, shipped, lost, and destroyed shall be included in the columns relating to unstemmed leaf tobacco and entered in the appropriate columns (debit or credit) so designated. Perique tobacco received, shipped, lost, and destroyed shall be included in the columns relating to stemmed leaf tobacco and entered in the appropriate columns (debit or credit) so designated. Tobacco in process, as well as siftings, received, shipped, lost, and destroyed shall be included under scraps, cuttings, and clippings and entered in the appropriate columns (debit or credit) so designated. Tobacco materials acquired by the reduction of cigars or cigarettes to materials shall be similarly recorded, with the notation "Acquired by reduction of product." Stems received into the factory or outside place of storage (not those accumulated from stemming operations in the factory) shall also be included under scraps, cuttings, and clippings and entered in the debit column of such materials received. If such stems are thereafter lost or destroyed, they shall be similarly included and entered in the credit column of scraps, cuttings, and clippings shipped. All stems shipped to manufacturers of tobacco products or dealers in tobacco materials, or for purposes other than fertilizer, insecticide, or nicotine, shall be entered in the credit column designated "Stems or Waste" shipped, but the designation of such column shall be changed to read "Stems Shipped to Manufacturers, Dealers, Etc." Waste tobacco materials shipped, lost, or destroyed need not be recorded. With respect to an entry covering the loss or destruction of tobacco materials, which is required to be entered in the factory revenue records, notation showing the nature of the loss, etc., shall be made in the column designated "To Whom Shipped or Delivered" in the case of Form 73-Part 1, or in the column designated "To Whom Shipped" in the case of Form 73-Part 2.

Industry Circular No. 55-42

3. Form 74. Black Fat tobacco received, shipped, lost, and destroyed shall be included in the columns relating to unstemmed leaf tobacco and entered in the appropriate columns (debit or credit) so designated. Perique tobacco received, shipped, lost, and destroyed shall be included in the columns relating to stemmed leaf tobacco and entered in the appropriate columns (debit or credit) so designated. Siftings received, shipped, lost, and destroyed shall be included under scraps, cuttings, and clippings and entered in the appropriate columns (debit or credit) so designated. Tobacco materials acquired by the reduction of manufactured tobacco to materials shall be similarly recorded, with the notation "Acquired by reduction of product." Only those stems received into the factory or outside place of storage (not those accumulated from stemming operations in the factory) shall be entered in the debit column designated "Tobacco Stems For Manufacturing Purposes" received, and such designation shall be changed to read "Tobacco Stems." If such stems are shipped to manufacturers of tobacco products, dealers in tobacco materials, or for purposes other than fertilizer, insecticide, or nicotine, or are lost or destroyed, they shall be entered in the credit column designated "Tobacco Stems For Manufacturing Purposes" shipped, and the designation of such column changed to read "Tobacco Stems Shipped to Manufacturers, Dealers, Etc." Also, those stems accumulated from stemming operations within the factory which are shipped to such manufacturers, dealers, or for purposes other than fertilizer, insecticide, or nicotine, shall be entered in such column. Waste tobacco materials shipped, lost, or destroyed need not be recorded. With respect to an entry covering the loss or destruction of tobacco materials, notation showing the nature of the loss, etc., shall be made in the column designated "To Whom Shipped or Delivered." Licorice, sugar, gum, and substances other than tobacco, received or removed, are not required to be recorded.

4. Inquiries in regard to this industry circular should refer to the number thereof and should be directed to the appropriate Assistant Regional Commissioner, Alcohol and Tobacco Tax.


Dwight E. Avis
Director, Alcohol and Tobacco Tax Division